OUT OF TOWN BANK LOANS TOUCH PEAK

Borrowings From Local Institutions by Correspondents Break Record.

Loans of many local banks to their out of town bank correspondents have reached recently the highest figures in their experience, according to the review of the Reserve Bank of New York for January. In other words, loans liquidated in districts outside of New York have been transferred apparently to banks in this district. The extent of the liquidation or movement of commodities in the borrowing districts is indicated by the fact that eight reserve banks which in October were in debt to the other four reserve banks to the amount of $267,000,000 had reduced the amount by January 21 to $73,000,000. On the subject of credit conditions the review said:

"The changed state of mind which the new year has brought has coincided with an improvement in credit conditions. Loans of the seventy-two member banks in New York city which report weekly decreased between December 17 and January 14 by $174,000,000, or 3 per cent., and the loans of the 829 member banks in the principal cities throughout the country, including New York city, in the same period decreased $363,000,000, or 2 per cent. Earning assets of the Reserve Bank of New York from December 23 to January 21 decreased $72,000,000, and those of all reserve banks, including New York, decreased $340,000,000. The reserve percentage of the reserve system increased from 45.1 per cent. on December 23 to 48.5 per cent. on January 21. The reserve note circulation decreased $290,000,000, or about 9 per cent.

"Whether these reductions of loans and notes are merely seasonal it is impossible to state with accuracy, because we have no standard with which to compare them. Pre-war experience is of little value because the reserve system was not then in existence, and experience since the war began is much confused by the financial exigencies of the period. It is impossible, therefore, to estimate to what extent these reductions in the volume of credit reflect a belated adjustment of the volume of credit to reduced commodity prices."

Substantial increases in savings bank deposits are reported in the bank's review, which said in part: "The aggregate deposits of thirty-seven of the largest savings banks in New York State increased 10 per cent. between January 10, 1920, and January 10, 1921, according to reports received by this bank. The rate of increase is slightly greater than the ratio of gain reported by these same banks for the year 1919 and nearly four times as great as the rate of increase during 1918. The list of thirty-seven banks represents more than 63 per cent. of the savings bank resources in New York State. In past years deposit increases in these banks have been closely indicative of the rate of increase in all the savings institutions of the State.

The following table shows the comparative figures for deposit balances at two periods:

	Jan. 10, 1920.	Jan. 10, 1921.	P. C. Inc.
Lower Manh.	$342,745,806	$358,052,228	4.5
Residence & factory districts, G. N. City.....	786,002,221	892,059,270	13.5
Outside New York City..	371,203,561	402,031,372	8.3
Total	$1,499,951,588	$1,652,142,871	10.1

"The increase in deposits has been especially rapid in banks where a considerable proportion of the depositors are manual workers. Particularly noteworthy is the large gain in the deposits of important banks located in the manufacturing sections or outlying residential sections of the five boroughs of New York city. Deposit balances in large banks of Brooklyn, The Bronx and Queens increased from 15 to 46 per cent. in the year. Deposits of banks in the industrial centres of Manhattan and Queens increased from 10 to over 30 per cent. A similar tendency to large increases was noted generally in manufacturing cities throughout the State where manual workers predominate among depositors.

Causes for gains in savings accounts in this type of community are found in continued high wages, accompanied by decreases in the cost of living and the possibility of unemployment. Interesting evidence of the working of the latter cause is found in the rapid growth of savings accounts in Paterson, N. J., during the very months in which unemployment was steadily increasing among the silk workers in that city. It is also apparent that numbers of people who have made a practice of keeping savings in their homes or on their persons are now depositors in savings banks.